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Producers 88 (4/76) Revised Paid Up  
With 640 Acres Pooling Provision

## OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 9 day of June, 2008, between **David Garcia and wife, Jaclyn Garcia**, Lessor (whether one or more), whose address is 3704 Tumbling Trail Ct, Ft Worth, Tx 76116, and Dale Property Services,

LLC, 2100 Ross Avenue, Suite 1870, LB-9, Dallas, TX 75201, Lessee, WITNESSETH:

1. Lessor in consideration of Ten and No/100-----Dollars (\$10.00), in hand paid, of the royalties herein provided, and of the agreements of Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling and mining for and producing oil, gas and all other minerals, conducting exploration, geologic and geophysical surveys by seismograph, core test, gravity and magnetic methods, injecting gas, water and other fluids, and air into subsurface strata, laying pipe lines, building roads, tanks, power stations, telephone lines and other structures thereon and on, over and across lands owned or claimed by Lessor adjacent and contiguous thereto, to produce, save, take care of, treat, transport and own said products, and housing its employees, the following described land in Tarrant County, Texas, to-wit:

Tract 1: .338 acres of land, more or less, being Lot 14, Block 15 of Ridglea Country Club Estates, an addition to the City of Fort Worth, thereof recorded in Volume 388-111, Page 42, of the Plat records of Tarrant County, Texas. (3704 Tumbling)

This lease also covers and includes all land owned or claimed by Lessor adjacent or contiguous to the land particularly described above, whether the same be in said survey or surveys or in adjacent surveys, although not included within the boundaries of the land particularly described above.

2. This is a paid up lease and subject to the other provisions herein contained, this lease shall be for a term of Three (3) years from this date (called "primary term") and as long thereafter as oil, gas or other mineral is produced from said land or land with which said land is pooled hereunder.

3. As royalty, lessee covenants and agrees: (a) To deliver to the credit of lessor, in the pipelines to which lessee may connect its wells, the equal twenty-five percent (25%) part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such twenty-five percent (25%) part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear twenty-five percent (25%) of the cost of treating oil to render it marketable pipeline oil; (b) to pay lessor for gas and casinghead gas produced from said land (1) when sold by lessee twenty-five percent (25%) of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products twenty-five percent (25%) of the amount realized from the sale of gasoline or other products extracted therefrom and twenty-five percent (25%) of the amount realized from the sale of residue gas after deducting the amount used for plant fuel and/or compression; (c) To pay lessor on all other minerals mined and marketed or utilized by lessee from said land, one-tenth either in kind or value at the well or mine at lessee's election, except that on sulphur mined and marketed the royalty shall be one dollar (\$1.00) per long ton. If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time or times after the expiration of the primary term, all such wells are shut-in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to one dollar (\$1.00) for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing, and may be deposited in the Bank at or its successors, which shall continue as the depositories, regardless of changes in the ownership of shut-in royalty. If at any time that lessee pays or tenders shut-in royalty, two or more parties are, or claim to be, entitled to receive same, lessee may, in lieu of any other method of payment herein provided, pay or tender shut-in royalty, in the manner above specified, either jointly to such parties or separately to each in accordance with their respective ownerships thereof, as lessee may elect. Any payment hereunder may be made by check or draft of lessee deposited in the mail or delivered to the party entitled to receive payment or to a depository bank provided for above on or before the last date for payment. Nothing herein shall impair lessee's right to release as provided in paragraph 5 hereof. In the event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owners of this lease, severally as to acreage owned by each.

4. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 80 acres plus a maximum acreage tolerance of 10%, and for a gas well or a horizontal completion shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil well or gas well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of the foregoing, the terms 'oil well' and 'gas well' shall have the meanings prescribed by applicable law or the appropriate governmental authority, or, if no definition is so prescribed, 'oil well' means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel and 'gas well' means a well with an initial gas-oil ratio of 100,000 cubic feet or more per barrel, based on a 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term 'horizontal completion' means an oil or gas well in which the horizontal component of the gross completion interval in the reservoir exceeds the vertical component thereof. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit and stating the effective date of pooling. Production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations on the leased premises, except that the production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but only to the extent such proportion of unit production is sold by Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder. Any unit so formed may be amended, increased in size, decreased in size, or changed in configuration, at the election of Lessee, at any time and from time to time, and Lessee may vacate and dissolve any unit by instrument in writing filed for record in said county at any time when there is no unitized substance being produced from such unit. To the extent any portion of the leased premises is included in or excluded from the unit by virtue of such revision, the proportion of unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly. In the absence of production in paying quantities from a unit, or upon permanent cessation thereof, Lessee may terminate the unit by filing of record a written declaration describing the unit and stating the date of termination. Pooling hereunder shall not constitute a cross-conveyance of interests.

5. If at the expiration of the primary term, oil, gas, or other mineral is not being produced on said land, or from the land pooled therewith, but Lessee is then engaged in drilling or reworking operations thereon, or shall have completed a dry hole thereon within 60 days prior to the end of the primary term, the lease shall remain in force so long as operations on said well or for drilling or reworking of any additional well are prosecuted with no cessation of more than 60 consecutive days, and if they result in the production of oil, gas or other mineral, so long thereafter as oil, gas, or other mineral is produced from said land, or from land pooled therewith. If, after the expiration of the primary term of this lease and after oil, gas, or other mineral is produced from said land, or from land pooled therewith, the production thereof should cease from any cause, this lease shall not terminate if Lessee commences operations for drilling or reworking within 60 days after the cessation of such production, but shall remain in force and effect so long as such operations are prosecuted with no cessation of more than 60 consecutive days, and if they result in the production of oil, gas, or other mineral, so long thereafter as oil, gas, or other mineral is produced from said land, or from land pooled therewith. Any pooled unit designated by Lessee in accordance with the terms hereof, may be dissolved by Lessee by instrument filed for record in the appropriate records of the county in which the leased premises are situated at any time after the

Revised on 9/26/2006

completion of a dry hole or the cessation of production on said unit. In the event a well or wells producing oil or gas in paying quantities should be brought in on adjacent land and within 330 feet of and draining the leased premises, or land pooled therewith, Lessee agrees to drill such offset well or wells as a reasonably prudent operator would drill under the same or similar circumstances. Lessee may at any time execute and deliver to Lessor or place of record a release or releases covering any portion or portions of the above described premises and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered.

6. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines below ordinary plow depth, and no well shall be drilled within two hundred (200) feet of any residence or barn now on said land without Lessor's consent.

7. The rights of either party hereunder may be assigned in whole or in part, and the provisions hereof shall extend to their heirs, successors and assigns; but no change or division in ownership of the land, or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee; and no change or division in such ownership shall be binding on Lessee until thirty (30) days after Lessee shall have been furnished by registered U.S. mail at Lessee's principal place of business with a certified copy of recorded instrument or instruments evidencing same. In the event of assignment hereof in whole or in part, liability for breach of any obligation hereunder shall rest exclusively upon the owner of this lease or of a portion thereof who commits such breach. If six or more parties become entitled to royalty hereunder, Lessee may withhold payment thereof unless and until furnished with a recordable instrument executed by all such parties designating an agent to receive payment for all.

8. The breach by Lessee of any obligation arising hereunder shall not work a forfeiture or termination of this lease nor cause a termination or reversion of the estate created hereby nor be grounds for cancellation hereof in whole or in part. No obligation reasonably to develop the leased premises shall arise during the primary term. Should oil, gas or other mineral in paying quantities be discovered on said premises, then after the expiration of the primary term, Lessee shall develop the acreage retained hereunder as a reasonably prudent operator, ~~but in discharging this obligation it shall in no event be required to drill more than one well per forty (40) acres of the area retained hereunder and capable of producing oil in paying quantities and one well per 640 acres plus an acreage tolerance not to exceed 10% of 640 acres of the area retained hereunder and capable of producing gas or other mineral in paying quantities.~~ If after the expiration of the primary term, Lessor considers that operations are not at any time being conducted in compliance with this lease, Lessor shall notify Lessee in writing of the facts relied upon as constituting a breach hereof, and Lessee, if in default, shall have sixty days after receipt of such notice in which to commence the compliance with the obligations imposed by virtue of this instrument.

9. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at its option may discharge any tax, mortgage or other lien upon said land, either in whole or in part, and in event Lessee does so, it shall be subrogated to such lien with right to enforce same and apply royalties accruing hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty in event of failure of title, it is agreed that if this lease covers a less interest in the oil, gas, sulphur, or other minerals in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not), or no interest therein, then the royalties, and other monies accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. All royalty interest covered by this lease (whether or not owned by Lessor) shall be paid out of the royalty herein provided. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

10. Should Lessee be prevented from complying with any express or implied covenant of this lease, from conducting drilling or reworking operations thereon or from producing any oil, gas or other minerals therefrom by reason of scarcity of or inability to obtain or to use equipment or material, or by operation of force majeure, and Federal or state law or any order, rule or regulation of governmental authority, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended, and Lessee shall not be liable in damages for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations on or from producing oil or gas from the lease premises; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

11. For the same consideration recited above, Lessor hereby grants, assigns and conveys unto Lessee, its successors and assigns, a perpetual subsurface easement under and through the leased premises for the placement of well bores (along routes selected by Lessee) from oil or gas wells the surface locations of which are situated on other tracts of land and which are not intended to develop the leased premises or lands pooled therewith and from which Lessor shall have no right to royalty or other benefit. Such subsurface easements shall run with the land and survive any termination of this lease.

12. Notwithstanding anything herein contained to the contrary, if at the expiration of the primary term of this lease this lease has not been, or it is not being extended pursuant to any of its provisions, then Lessee, its successors or assigns shall have the option to extend the primary term of this lease, as to all or any portion of the lands covered hereby, for an additional two (2) year(s) by paying or tendering to Lessor by check the sum of \$15,000 per acres. Said payment or tender shall be made on or before the expiration date of the initial primary term and shall be considered to include the prepaid delay rental. If Lessee extends this lease as herein provided, it shall be considered that the primary term is five (5) years.

13. Notwithstanding anything contained herein to the contrary, Lessee does not by virtue of this lease acquire any rights whatsoever to conduct any operations on the surface of the lease premises without first obtaining the prior written consent of Lessor, however, Lessee may recover oil, gas and associated hydrocarbons from the lease premises by directional or horizontal drilling, pooling, unitization or any other method provided in this lease.

See Addendum attached hereto and by reference made apart hereof

IN WITNESS WHEREOF, this instrument is executed on the date first above written.

By: David Garcia

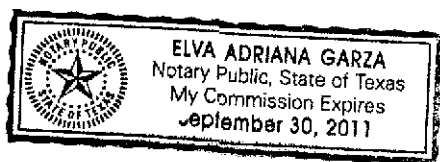
By: Jaclyn Garcia

ACKNOWLEDGMENTS

STATE OF TEXAS

COUNTY OF TARRANT

This instrument was acknowledged before me on the 9 day of June, 2008, by David Garcia.



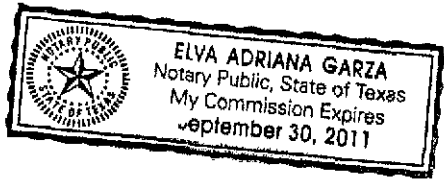
[Signature]  
Notary Public, State of Texas  
Notary's name (printed):  
Notary's commission expires:

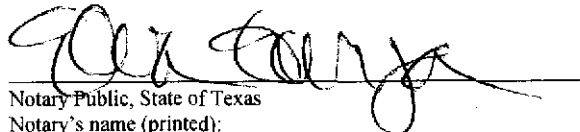
ACKNOWLEDGMENTS

STATE OF TEXAS

COUNTY OF TARRANT

This instrument was acknowledged before me on the 9 day of June, 2008, by Jaclyn Garcia.



  
Notary Public, State of Texas  
Notary's name (printed):  
Notary's commission expires:

## ADDENDUM

Attached to and made a part of that certain Oil and Gas Lease dated 6-9-08  
\_\_\_\_\_ 2008, by and between **David Garcia and wife, Jaclyn Garcia**, as Lessor,  
and Dale Property Services, LLC, as Lessee ("Lease"), to wit:

### 13. Conflict

In the event of a conflict between the terms of this Addendum and the terms of the printed form lease, the terms of this Addendum shall control and prevail in all instances.

### 14. Shut-in Payments

This lease may not be maintained in force and effect solely by the payment of shut-in royalty for more than one period of 2 consecutive years. Shut-in royalty shall be \$200.00 per acre.

### 15. Definition of Drilling Operations

As used in this lease, "commencement" of "actual drilling" or "actual drilling operations" shall mean the actual penetration of the ground by a drill bit and a rig capable of drilling a wellbore to the objective depth on location.

### 16. Definition of Well Completion

A well shall be deemed "completed" for the purposes hereof on the earliest of the following: (1) the date on which drilling rig is released, (2) the date thirty (30) days after the date on which the total depth is reached or (3) the date certified to the governmental agency or authority having jurisdiction as the date a well has been completed as a producing well.

### 17. Continuous Development

Notwithstanding anything contained herein to the contrary, upon the later of (i) expiration of the primary term hereof or (ii) cessation of Continuous Drilling Operations, this lease shall terminate as to all lands covered hereby, except as to each well capable of producing oil and/or gas in paying quantities together with the proration or spacing unit allocated thereto (the "producing unit") (the size of said proration or spacing unit being hereby defined as the number of acres prescribed or permitted by proper governmental authority having jurisdiction, as the minimum number of acres required for the production of the maximum allowable from a well in the particular field and from the particular sand or formation involved, but for a horizontal gas well not in excess of 320 acres plus an acreage tolerance of ten percent), as of the date of such termination from the surface down to 100 feet below the base of the deepest producing formation in such well. Thereafter Lessee shall promptly execute and deliver to Lessor a recordable release of this lease as to all lands and depths as to which the lease has so terminated. Upon such partial termination, each such producing unit shall become a separate lease subject to all of the terms and provisions hereof, so that production and/or operations from one such producing unit shall not constitute production and/or operations on any other such producing unit.

### 18. Pooling

Pooling shall be allowed only if all of the leased premises is included in the pooled unit. Maximum size for gas units shall be 320 acres plus an acreage tolerance of 10 percent.

### 19. Additional Lands

In determining the amount of acreage under lease for purposes of royalty and bonus, the area to the centerline of adjacent streets, alleys, creeks, etc. will be included in the leased premises.

20. Indemnity

**LESSEE DOES HEREBY EXPRESSLY RELEASE AND DISCHARGE ALL CLAIMS, DEMANDS, ACTIONS, JUDGMENTS AND EXECUTIONS WHICH IT EVER HAD, OR NOW HAS OR MAY HAVE, OR ITS SUCCESSORS OR ASSIGNS MAY HAVE, OR CLAIM TO HAVE, AGAINST LESSOR, AND/OR ITS AGENTS, OFFICERS, SERVANTS, HEIRS, SUCCESSORS, ASSIGNS OR EMPLOYEES, CREATED BY, OR ARISING OUT OF PERSONAL INJURIES, KNOWN OR UNKNOWN, AND INJURIES TO PROPERTY, REAL OR PERSONAL, OR IN ANY WAY INCIDENTAL TO OR IN CONNECTION WITH THE PERFORMANCE OF THE WORK PERFORMED BY THE LESSEE UNDER THIS LEASE. LESSEE SHALL FULLY DEFEND, PROTECT, INDEMNIFY, AND HOLD HARMLESS LESSOR, ITS AGENTS, OFFICERS, SERVANTS, HEIRS, SUCCESSORS, ASSIGNS AND EMPLOYEES FROM AND AGAINST EACH AND EVERY CLAIM, DEMAND, CAUSE OF ACTION OR JUDGMENT (A "CLAIM") (INCLUDING, WITHOUT LIMITATION, CLAIMS FOR PERSONAL INJURIES AND DEATH) WHICH MAY BE MADE OR ASSERTED BY LESSEE, ITS AGENTS, EMPLOYEES, CONTRACTORS, ASSIGNS OR ANY THIRD PARTIES OR GOVERNMENTAL AUTHORITIES ON ACCOUNT OF, ARISING OUT OF, OR IN ANY WAY INCIDENTAL TO OR IN CONNECTION WITH THE PERFORMANCE OF THE WORK PERFORMED BY THE LESSEE UNDER THIS LEASE AND ANY AND ALL LIABILITY, DAMAGES, OBLIGATIONS, JUDGMENTS, LOSSES, FINES, PENALTIES, COSTS, FEES, AND EXPENSES RELATED TO SUCH CLAIMS OR INCURRED IN DEFENSE THEREOF.**

21. Paragraphs 3(a) and 3(b) in the printed form are hereby deleted and the following shall be inserted in their place:

(a) to pay lessor on oil, twenty-five percent (25%) of that produced and saved from said land, the same to be delivered free of charge at the wells or to the credit of lessor into the pipeline to which the wells may be connected; Lessee may from time to time purchase any royalty oil in its possession, paying the market price therefor prevailing for the field where produced on the date of purchase;

(b) to pay lessor for gas, including casinghead gas or other gaseous substance, produced from said land and sold or used off the premises or in the manufacture of gasoline or other product therefrom, the market value at the point of sale of twenty-five percent (25%) of the gas so sold or used, provided that on gas sold in a bona fide transaction between Lessee and a party not controlled by or affiliated with Lessee the term "market value" shall be the gross proceeds from such sale. Should Lessee or affiliates of Lessee receive any other compensation, either directly or indirectly, for gas sold from said land, such payments and other compensation shall, in computing royalty payments hereunder, be considered part of the "gross proceeds" from the sale of gas at the time the same are received.

22. Additional Royalty provisions

a) Lessee agrees that all gas produced from the leased premises that is not processed in a plant or plants from which products derived therefrom and the residue gas is ratably allocated to the leased premises for the payment of royalties shall, if economically feasible to do so before the same is sold or used for any purpose or transported from the leased premises, be passed through a conventional separator designed and operated to effect the maximum economical recovery of liquids therefrom and any and all such liquids shall for the purpose of this lease, be treated as oil for royalty payment."

b) All royalty on oil, gas and associated hydrocarbons shall be due and payable to Lessor within three (3) months of the date when initial production from any well commences. Thereafter, royalty shall be due and payable on or before the last day of the second month succeeding the month of production. In the event a royalty is not timely

paid, Lessee agrees that it will pay Lessor interest on the amount so due at the (generally accepted) national prime rate per annum for the royalties so owing, said interest to commence on the day following the date such royalty is owing by the terms hereof."

c) Lessor's royalty will never bear, either directly or indirectly, any part of the costs or expenses of pre- and post-production, production, separation, gathering, dehydration, compression, transportation, trucking, processing, treatment, storage, or marketing of the oil or gas produced from the leased premises incurred prior to the sale of such oil and gas to the first non-affiliate of Lessee, or any part of the incurred costs of construction, operation, or depreciation of any plant or other facilities or equipment used in the handling of oil or gas from the leased premises. It is the intent of the parties that the foregoing provisions of this paragraph are to be fully effective and enforceable and are not to be construed as "surplusage" under the principals set forth in *Heritage Resources v. Nations Bank*, 939 S.W.2d 118 (Tex. 1996). Notwithstanding anything to the contrary, Lessor's royalty will bear its pro-rata share of transportation charges for downstream transportation, provided the charges are made by a company which is not an affiliate of, or related party to, Lessee, and provided they do not exceed an amount reasonably commensurate with charges by non-affiliated entities to unrelated operators in the area of the leased premises.

#### 23. Well Information

Upon written request, Lessee shall promptly deliver to Lessor at no cost or expense all information in Lessee's possession relative to the drilling, completion, or reworking operations conducted on and all production histories, profiles, projections or records pertaining to any well or wells located on the leased premises or lands adjacent to the leased premises.

#### 24. No Warranty

This lease is given without warranty of title, express, implied or statutory.



DALE RESOURCES, LLC  
2100 ROSS AVE, STE 1870 LB-9

DALLAS TX 75201

Submitter: DALE RESOURCES LLC

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SUZANNE HENDERSON  
TARRANT COUNTY CLERK  
TARRANT COUNTY COURTHOUSE  
100 WEST WEATHERFORD  
FORT WORTH, TX 76196-0401

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LSE 7 PGS \$36.00

By: \_\_\_\_\_



**D208240040**

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OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR  
RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

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